

# NEW FEDERAL TRADE COMMISSION FATHER OF BUSINESS

Five Members, at Salaries of \$10,000 Each, Already Are at Work With Large Staff

THE business men of the United States now have a stern but sympathetic parent—a collective father, it might be said—to chasten them when they are bad, to praise them when they are good and to counsel them when they are perplexed or in trouble.

Mr. Justice Harlan, who smoked 5 bent cigars (when not engaged with other forms of tobacco), played golf, taught a Bible class every Sunday morning, rode in street cars and spoke to any one who spoke to him, said twenty-two years ago in a decision which he delivered in the Supreme Court that the American business man needed to have a regulator of the character here described.

"Full information," he declared, "necessary as a basis of intelligent legislation by Congress . . . upon the subject of interstate commerce cannot be obtained, nor can the rules established for the regulation of such commerce be efficiently enforced otherwise than through the instrumentality of an administrative body representing the whole country, always watchful of the general interest and charged with the duty not only of obtaining the required information but of compelling, by all lawful methods, obedience to such rules."

After more than two decades of vagrant discussion, created the Federal Trade Commission. It is composed of five members and is the stern and sympathetic collective father that is traveling from city to city at this time, parentally meeting with merchants and manufacturers and telling them how to get and to hold the world's markets.

The Sherman anti-trust law was new when Mr. Justice Harlan, with an unerring common sense, pointed out that rules for the regulation of business could not be established, nor could obedience enforced when established, unless the national Government were precisely informed in respect to business. But nothing was done except to go after business with a tomahawk and scalping knife.

Six years later Senator Francis E. Newlands repeated the Harlan suggestion. Time passed and in 1903 Philander C. Knox, Attorney-General, though he had been Andrew Carnegie's personal counsel and had made \$180,000 a year as a corporation lawyer, informed a committee of the Senate that the mission ought to be created to aid in carrying out the Sherman law by obtaining information, by examining witnesses, including the managers of "big business," and by sending for the books and documents of the so-called trusts. The official attitude of the white was growing more belligerent.

In the years that followed bills were introduced in both houses of Congress authorizing independent commissions to scrutinize and regulate all corporations except banks and railroads engaged in interstate commerce. Finally on January 29, 1914, President Wilson urged that an interstate trade commission be established "as an indispensable instrument of information and publicity, as a clearing house for the facts by which both the public and the managers of great business undertakings should be enabled and as an instrumentality for doing justice to business when the processes of the courts or the natural forces of correction outside the courts are inadequate to adjust the remedy to the wrong in a way that will meet all the equities and circumstances of the case."

So Congress, both of its branches working and conferring together, enacted the law of September 26, 1914, whereby five commissioners, no more than three of whom can belong to the same political party, became the regulators of the stern but sympathetic collective father as has been said—of the business men in the United States. The commissioners, however, have no control over bankers or transportation companies; their functions being only operative perhaps with merchants and manufacturers.

Clubbing, say the business men, has terrorized and even crippled the country's commerce. Manufacturers have said: "Explain the law in plain language and we shall obey it." In the meantime, in tortuosity and at great cost, they have been taken from court to court, while lawyers disagreed and judges reversed one another. Hereafter when they are in doubt they can privately talk their difficulties over with the Federal Trade Commission. Promiscuous clubbing has been halted for the present, at all events. How the new policy will work out has yet to be tested.

The Trade Commission, like the Interstate Commerce Commission, which has jurisdiction over the railroads, is an independent body. It was created by Congress and is accountable to Congress, and not to the executive branch of the government. The commissioners are appointed by the President for a term of seven years "with the advice and consent of the Senate"—a meaningless clause ordinarily and the annual salary of each is \$10,000.

Their expenses are paid when they travel. The salary of their secretary is \$5,000. Each Commissioner besides has his own clerk. One hundred and fifty men and women—economists, statisticians, lawyers, stenographers and so on—are already employed. They will grow in number as the development of the commission develops. The five Commissioners at a word from the White House probably, chose Joseph E. Davies to be their chairman and Edward N. Hurley to be their vice-chairman. Mr. Davies, whose parents were Welsh and whose mother was an evangelist, is 39 years old, a lawyer and a Congregationalist. An active politician in Wisconsin, where he was chairman of the Democratic State central committee, he was put in charge of Mr. Wilson's Western headquarters during the campaign of 1912. Two years ago he was brought to Washington and made Commissioner of Corporations.

The oldest man on the commission, his age being 51, Mr. Hurley is in some respects the most interesting. He was a locomotive fireman and an engineer, being a traveling salesman. As the originator of the pneumatic tool, industry in the United States and Europe he made a fortune, and, retiring from business, established a country home at Wheaton, Ill., and engaged in farming and stock raising. When the commission was created, he was president of the Illinois Manufacturers Association, a machine company and a national bank.

The other Commissioners are William J. Harris, Will H. Parry and George Rublee. Mr. Parry, born in Ohio, was educated at Columbia University, was once a newspaper man in Seattle. He has been a manufacturer and a banker and is a Republican. Mr. Rublee, a Progressive Republican, 47 years old, was born in Wisconsin and educated at Harvard. He has been a lawyer, a railroad lawyer, and later with John C. Spooner, the once brilliant Senatorial debater from Wisconsin.

All of the Commissioners but Mr. Harris, who came from Georgia and was an organizer of insurance companies and a banker, are Western men. All too are university men except Mr. Hurley. Each also has been successful in his profession or business. Davies, Harris and Rublee have been active in politics, the latter as a reformer in New Hampshire, after studying government at the Ecole Libre des Sciences Politiques in Paris.

"The Federal Trade Commission," Mr. Davies says in explaining the objects of that novel and peculiar national agency of commercial righteousness, "was designed to furnish a non-partisan body of men expert upon matters connected with business and industry to aid in the enforcement of the law for the benefit of the whole country."

The commission, Mr. Davies continues, is charged with the labor of destroying "what has been termed the 'seeds of monopoly.' It is also clothed in certain cases with power to serve as an adviser upon the facts to the courts in their enforcement of the anti-trust laws." Otherwise as an assistant prosecutor.

At the same time "a common understanding of the facts arrived at through full and frank conference of



## U. S. MARINES KEEP NICARAGUA AT PEACE

WITH American marines ashore in Hayti and with the situation in Mexico growing constantly more difficult it becomes interesting to call attention to the work that is to-day being done by a handful of marines that were delegated three years ago to establish and maintain peace in Nicaragua, the most chaotic of the Latin Americas.

The public has almost forgotten that the United States has a military force ashore in Nicaragua. In fact it has almost forgotten about Nicaragua, for there has been no sensational news from there for three years. There have been no uprisings, no revolutions, and these form the basis of most of the news from that part of the world.

Nicaragua has been completely at peace. Not only has no hand been raised against the Government, but there has not been even the sizzling of a revolutionary plot. Half a million people have been following peaceful and prosperous lives where there had always been revolution. And this solely because a hundred men who wear the uniform of the United States are sitting on the lid at Managua, the capital. To be sure each is a human buzzsaw of high geared fighting ability, but none of them has been called into action. The mere presence and the knowledge that the force of the United States is back of them has been sufficient.

The marines are in Managua at the invitation of the Government. They are assigned comfortable barracks in the heart of the old town. The United States legation is near by and they are nominally its guard. The palace of President Adolfo Diaz is likewise not far distant and their actual purpose is to keep the head of that man upon his shoulders and the Government of which he is the guiding spirit in control. Both these things are accomplished and without raising a finger.

To be sure there are the machine guns at the barracks with which these khaki clad youngsters from the north drill with persistent regularity. They are inclined to revolution have tasted the deadliness of these guns in the hands of these same men. There are the three inch landing guns that spit forth shrapnel

with its time fuse that will explode wherever it is desired, and with these the marines are always practicing.

Capt. Presley M. Rixey, whose uncle was President McKinley's physician, is in command. He and Minister Benjamin L. Jefferson are good friends and personal advisers of the highest native authorities. The marines, for instance, are being made the model for the development of a native guard. President Diaz is following the advice of the American military men in the development and training of this guard. The guard would be an auxiliary of the American marines if trouble should come.

At Corinto on the coast the United States cruiser Annapolis rides at anchor and aboard her are 150 more marines. There are other ships of the Pacific fleet within call, with additional marines and blue jackets in reserve at Panama and San Diego. Then there is ultimately the army and navy of the United States ready to support this handful of soldier-sailors in whatever difficulty it might find itself.

It works out that the purpose for which the marines were sent to Nicaragua is accomplished through the mere face of their presence. Peace is maintained. A serenity rests over Nicaragua that it has never before known. So rich is the country that it needs only peace to bring it prosperity. Industry develops with confidence. The Indian in his jacal or native hut may earn a wage that to him is wealth and have no fear of being forced to-morrow to fight for the overthrow of the Government.

It was about five years ago that the usual revolution was in course in Nicaragua. Its purpose was to overthrow the Government of which President Zelaya was the head. The fighting dragged on for several years. Conditions were frightful and there were many complaints of hardships thrust upon foreigners. The situation was brought home with particular vividness to the United States when two of its citizens, Cannon and Groce, were summarily executed by President Zelaya upon a

charge that they had been operating with the revolutionists.

So unpleasant grew the situation that influence of the United States was constantly thrown against Zelaya and the pressure eventually forced him to flee. Zelaya delegated his authority to Dr. Madriz, against whom the revolution was continued. Success finally came to the revolutionists, largely through the pressure exerted by the United States and through the excellent fighting done by Gen. Mena, a pure blood Indian. Juan Estrada became President and Adolfo Diaz Vice-President, the United States favoring this choice.

No sooner was peace restored than Mena, the big Indian, began a conspiracy to make himself President. Mena's revolution resulted in new conditions. Foreigners were treated with many indignities. Revolutionists captured cities and wielded their capricious, sharp edged tools used in clearing up the jungle, upon unoffending residents. Uncle Sam decided that it was time for action. A force should be sent inland for the protection of the foreigners. It was then that the Estrada-Diaz Government saw a great light. Might it not array the United States on its side? Might it not make its Government permanent by linking itself with the great power of the north? It looked like a better proposition than constant war with revolutionists.

So the Government invited the United States to land marines. It acquiesced in October, 1912. Admiral Southland was at Corinto with the California and Colorado and the cruisers Denver, Cleveland and Annapolis. No sooner was the order received than it was executed. These fast and furious expeditionary forces are the peculiarity of the marines, and the blue-jackets are ready to supplement them. Almost immediately there were 2,500 armed men ashore.

The expeditionary force moved on to Masaya, the next town. There they found the revolutionists entrenched on Coyote Hill, the strongest military position in the land. In the darkness of the next night marines and blue-jackets were marshalled for an attack. The sailors were in their customary white. This would not do for secret work in the dark. They got down and rolled in the mud. Then in the darkness the forces pushed steadily up Coyote Hill. When day began to break they were under the very guns of the fort. Then they rushed. The surprise was complete.

The expedition pushed on to Managua. There Major Butler walked the streets and a frantic revolutionist ran out brandishing a revolver. The marine officer took it away from him. He broke it, threw out the cartridges and returned it to the revolutionist, advising him to behave himself.

From Managua the expedition pushed on to Granada, fifty miles further. The reputation of the marines had preceded them. There seemed to be no fight left in the revolutionists. The American officers called the enemy into consultation and advised them to stop the war. Particularly they were warned against opposing United States troops. It was cited as a most deadly thing to do.

All this has been done in Nicaragua at little expense to this Government and with a development of commerce that has more than made it a good investment. Nicaragua invited the United States to make peace possible for her and lost no vestige of her freedom as a nation, just as Cuba has been made a land of peace and prosperity under the wing of the Eagle.

Neither Cuba nor Nicaragua is likely to give the United States credit for disinterestedness. Though this Government may yield again every vestige of authority that is given to it, it is likely to be constantly accused of a desire to gobble up Latin America. There has never been a nation since time began which failed to consider its own advantages in such matters and it is therefore not surprising that the world should be suspicious of Uncle Sam.

But the old gentleman has done the handsome thing in Cuba and in Nicaragua and millions of people have benefited because of it. The good is accomplished whether credit is given or not. Santo Domingo, at war for 300 years, offers a field for similar endeavor. Hayti is so deporting herself that the Government will probably be forced to intervene. Mexico continues in chaos and famine ridden. The experience in Nicaragua points the way and proves the possibilities.

Standard Oil Company are engaged in interstate commerce and can be regulated by the Trade Commission; cut rate stores cannot be unless they are selling to customers in and outside of the State in which they are located.

A misunderstanding of the law has caused many business men to write protesting letters to the commission. Congress has no power over the internal affairs of the States. If disastrous business conditions exist within a State only the Legislature of that State has power to correct them. Coming specifically to the functions of the Trade Commission the law empowers it to investigate "the organization, conduct and management of any corporation, joint stock company or corporate combination (except common carriers) engaged in commerce among the several States and with foreign nations" and "to gather such information and data as will enable the President of the United States to make recommendation to Congress for legislation for the regulation of such commerce."

Designed to Chasten, Praise and Counsel Commercial Men and Interpret Interstate Laws

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The commission is now going from city to city, East and West, holding conferences with business men over the foreign trade of the nation. By and by it will consider in detail "combinations and other conditions affecting the foreign trade of the United States." Measures will be taken to prevent the dumping of the surplus products of this country of the surplus products of other countries at prices which cannot be met by American producers.

"Dumping," Mr. Davies says, "by foreign monopolies into the United States, either of their surplus products or of their competitive products, and the selling of such products at a cost in this country below the prevailing market cost in the country of their production is vicious in practice and holds potentials of great harm to American industry and to the American people."

"American enterprise and industry indigenous to our soil and native to our conditions," Mr. Davies goes on to say, "are entitled to have such competition of foreign monopoly declared to be unfair and to have such practices prevented if sought to be enforced. American enterprise and industry in this direction. How the Trade Commission will meet the situation is a matter of the future. At best it will be a delicate problem."

The commission can compel corporations to supply reports, annual or periodic. And such reports may be demanded for information and to answer questions about their ownership, their business methods and so forth. Likewise the commission can "make public (except lists of customers and trade secrets) such portions of the information obtained as it shall deem expedient in the public interest."

A new law of Congress prohibits "price discrimination" when the effect "may lessen competition or tend to create a monopoly." Independent retailers have complained that the Standard Oil Company frequently reduces its prices in certain localities far below the cost of production so as to drive its competitors out of the market. The new law puts a stop to such practices, and its enforcement, in a way, has been made the duty of the Trade Commission.

The same act prohibits "tying contracts." Such a contract means that an exclusive sale or lease of "goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented," cannot be made to a merchant or a manufacturer on condition that he will be barred from purchasing or leasing the same sort of a machine or product from some one else. The Trade Commission is charged with the labor of breaking up and ending contracts of such a character.

It must always be shown, however, that the price discriminations and tying contracts, in their effect, do substantially lessen competition or tend to create a monopoly in some line of commerce. When the commission believes that any person or corporation has been employing unfair methods of competition or violating the anti-trust laws it can investigate the practices of that person or the officers of that corporation, and if guilt be es-

tablished can order a change of policy. Nor can a corporation engaged in interstate commerce "acquire, directly or indirectly, the whole or any part of the stock of another corporation" when the effect may be substantially to lessen competition . . . or to restrain competition . . . or tend to create a monopoly in any branch of business.

Furthermore, after September 28, 1916, it shall be unlawful for a person to be director or other officer or employee in more than one bank, banking association or trust company, the deposits, capital, surplus and undivided profits of either of which "aggregate more than \$500,000." The object here of the new anti-trust act is to make a monopoly in money impossible.

Neither after September, next year, may a person "be director in any two or more corporations and one of which has capital, surplus and undivided profits aggregating more than \$1,000,000," and which is "engaged in whole or in part in commerce . . . of such corporations are or shall have been theretofore competitors, so that the elimination of competition by agreement between them . . . would constitute a violation of any . . . of the anti-trust laws. Thus are interlocking directorates outlawed and the Trade Commission is directed to see that the statute is obeyed.

Persons who refuse to answer the summons of the commission to testify, to reply to questions or to produce documents which are called for and are in their possession shall be fined "not less than \$1,000 nor more than \$5,000" and shall be imprisoned "for not more than one year" or may be fined and sent to jail as well.

False entries in the books of corporations, the removal of such books from the United States or the wilful mutilation or falsification of documents, evidence is punishable also by a fine and imprisonment. And if a corporation fails to make such reports as are required, or if it "fail to pay each and every day of the continuance of such failure," the money to be paid into the Treasury of the United States.

Back of the new law against monopoly is the Federal Trade Commission, the investigator and prosecutor of those accused of using unfair methods in business. And back of the commission are the United States courts. In a more beneficial sense, perhaps, the Trade Commission is to a degree an enforcer of all anti-trust laws. When a manufacturer, for example, is in doubt as to the meaning of the statutes, when he desires to know if he can perform certain acts, the commission will inform him or will set him right if he has gone wrong and keep him straight thereafter.

Many of the investigations of the commission will be informal. Complaints of unfair methods of competition will be numerous; they are numerous already. Some of them, perhaps, will be made simply to injure those persons whose business has been brought into question. Publicity will not be given to such cases. There will be an investigation, but it is promised that there will be no spreading abroad of unfounded charges.

If, however, the anti-trust laws are seemingly being violated two sets of experts will consider such complaints as may be received relating to the matter. Lawyers will inquire into the legal aspects of the case and economists will ascertain what effects the alleged unfair practices have on commerce. The hearing will then follow. Those concerned will have an opportunity to testify and to argue and the public will know all that is being said and done.

"It is in the interest of the public," as Mr. Davies explains, the philosophy of the Trade Commission, "that processes of amicable accommodation should first be exhausted before formal complaints are instituted that necessitate a long and technical course of legal procedure." Moreover, "business men to-day," he declares, "do not desire to disobey the law." (Copyright, 1915, by James B. Morrow)

## NEW CANTERBURY SCHOOL FOR CATHOLIC BOYS OPENS IN SEPTEMBER

Cardinal Farley, H. O. Havemeyer, Nelson Hume and Clarence H. Mackay Among the Founders

A NEW school for Roman Catholic boys is to be opened in September at New Milford, Conn., under the patronage of Cardinal Farley. It will be known as Canterbury School and the names of those who have undertaken to set it upon its way and guide its fortunes in the future are such as command attention in large affairs and assure the institution of the most favorable auspices.

The board of directors is composed of Henry O. Havemeyer, president; Clarence H. Mackay, vice-president; Nelson Hume, treasurer; Conde B. Fallon, who is editor of the "Catholic Encyclopedia" and a well known lecturer; Allan A. Ryan and Park Commissioner George Cabot Ward. Cardinal Farley has evinced a keen interest in all the plans for setting up the new school and expects to continue his activities in cooperating with the board of directors, especially the executive committee, which will be composed of Mr. Havemeyer, Mr. Mackay and Dr. Hume.

The idea of the school is grounded on the realization that there is a lack of just this kind of an institution. Churchmen and others interested in the education of Roman Catholic boys have long felt the need of a preparatory school that would afford the advantages to be derived from careful

training under the direction of men thoroughly imbued with the teachings of their church and at the same time aware of the practical direction which the general instruction offered should take. It is the aim of this school to prepare boys for entrance into any college or university, whether Catholic or non-Catholic.

Recognizing the value of healthful surroundings the directors have selected one of the most attractive places in New England. The school property at New Milford is situated on a hillside at an elevation of 500 feet, overlooking the broad valley of the Housatonic River, and surrounded by the foothills of the Berkshires. The climate is invigorating and in winter, while not rigorous, is cold enough to insure uninterrupted winter sports. There is a football field, a baseball diamond, tennis courts and a running track embracing an ample green for drills and games. The buildings, all modern and designed for school purposes, will accommodate seventy-five boys, mostly in single rooms. They contain pleasant living rooms, a billiard room and two bowling alleys.

Miss Marie Hume will have charge of the household management and her experience assures the boys of refined and comfortable surroundings and an excellent table. The course of studies embraces all the subjects required for admission into any college or university, and to this is added a thorough training in the doctrine and practice of the Catholic religion. It is not the intention, however, to make a hard and fast rule as to the religion of those admitted and boys of other beliefs will be exempted from the religious

studies. Both by education and actual experience the faculty selected is well qualified to perform this work successfully.

Nelson Hume, who is to be the head master of the school and in charge of the English department, was graduated from Georgetown University and for fifteen years has been engaged in teaching. For six years of this period he was at the head of Hume's School in New Rochelle and for four years he taught at Loyola School in New York. He lectures frequently and has written much upon his favorite subject of teaching. The assistant head master and prefect of the lower school will be his brother, Alexander Hume.

To the department of Latin and Greek Dr. Patrick J. Downing has been called. He obtained his degree from St. Louis University and is a recognized authority on the ancient languages. He is vice-president of the International Latin Society. Frank J. Rooney will have charge of the instruction in science and mathematics. The department of history will be in the equally competent hands and a physical director of experience in handling

boys will watch over their games and gymnasium activities. Special attention is to be paid to the teaching of the modern languages. Instruction in the history, structure and proper use of English in speaking and writing will be supplemented by classes in elocution, debating and singing, and the boys will be nurtured in the use of the school's carefully chosen library.

For the teaching of French, German, Spanish and Italian the directors have obtained the services of Dr. Maximilian von der Porten, a graduate of the University of Heidelberg. He was at the

Sorbonne for six years and for three years at the University of Vienna. He has had considerable experience as a teacher of boys in this country.

In following out the idea of giving as much individual attention as possible to the boys there is to be a division into "upper" and "lower" schools, the first being for the boys whose ages average from 14 to 18 years and the latter for those whose years run from 10 to 13. In general the lower school's curriculum will correspond to that of the last three years in grammar school, while the upper school is designed to cover the ground of the ordinary high school course.

The business and scholarly administration will be altogether in the hands of laymen, but there will be regular classes in Catholic doctrine, with morning and evening prayers in the chapel. The school will have its own chaplain. The boys will be held to a high standard of daily recitation and it is the purpose of the faculty, by affording the boys opportunities for association with the masters, to teach them the need of knowing how to study. A rigorous inspection of all applicants will be maintained and it is the intention not to admit any one likely seriously to interfere with the purpose of the institution. Good manners as well as good marks and sound scholarship.

Until Aug. 20 the school will maintain offices at 15 East 43rd street, and Dr. Hume, the head master, will meet parents of boys who desire to the school buildings and grounds at New Milford.

Situated at New Milford, Conn. Surroundings Are Healthful and Equipment is Ideal

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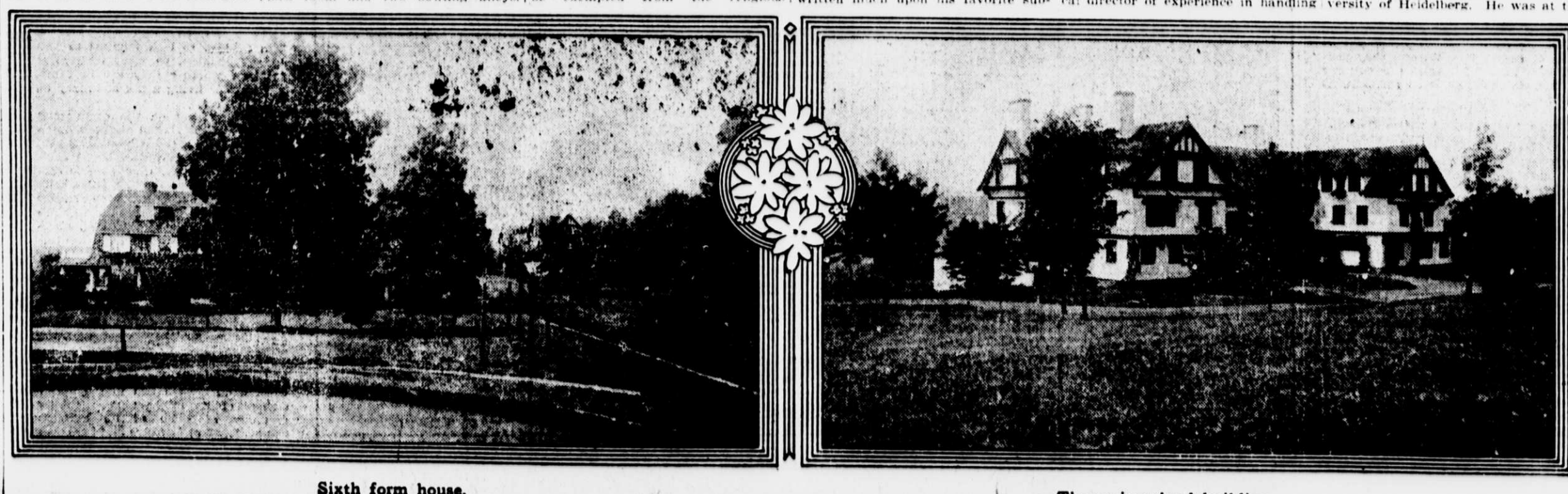
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Sixth form house.

The main school building.